

Call on GM to End 'Shameful' Ad Campaign

WASHINGTON. D.C. – House Committee on Oversight and Government Reform Ranking Member Darrell Issa (R-CA) and Domestic Policy Subcommittee Ranking Member Jim Jordan (R-OH) today [sent a scathing letter](#) to General Motors (GM) Chairman and CEO Edward Whitacre assailing GM's "slick marketing campaign" built around statements that "constitute a lie to the American people."

"We are concerned that GM, under your leadership, has come dangerously close to committing fraud, and that you might have colluded with the United States Treasury to deceive the American public," Issa and Jordan wrote. "Your false statements may expose GM to millions of dollars in damages, further reducing the value of the taxpayer-owned company. The American people, as the majority shareholders of GM, have a right to know the truth behind the cost of the GM bailout and GM's genuine financial condition."

In exchange for the \$49.5 billion committed to GM through Treasury's Automotive Industry Financing Program, Treasury received a 60.8 percent common equity stake in GM, \$2.1 billion in preferred stock, and \$7.1 billion in GM debt. Treasury put \$17.4 billion of the \$49.5 billion bailout in an escrow account, which required GM to obtain Treasury's permission to draw down. On November 16, 2009, GM disclosed that it intended to use the taxpayer money in the escrow account to finish paying back the original \$7.1 billion loan by June 30, 2010, drawing on the taxpayer money in the escrow account to pay back the taxpayer loan.

“Although the motives behind your recent decision to advance this timetable are not clear, some have speculated that these actions were taken to increase the political palatability of GM's application to the Department of Energy for \$10 billion in low interest loans to retool its plants to meet the government's tougher new Corporate Average Fuel Economy standards,” noted Issa and Jordan. “Regardless of your motive, however, the facts are clear: not one cent of your recent “repayment” came from GM's operating revenue, and the American taxpayers are not one cent richer as a result.”

Issa and Jordan added, “Deceptive and dishonest advertisements and statements that attempt to disguise what is merely the exchange of one pool of taxpayer money for another pool of taxpayer money as “real progress” potentially expose GM to charges of fraud and further destroy the credibility of GM with the American public. These actions will inevitably hamper GM's future ability to truly repay the taxpayer bailout. GM's false advertisements are counterproductive and shameful, and they should stop.”

###